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**In this Issue**

Editors' Note 1

Renegotiating Federalism in a Troubled Region: The Balochistan Package 2
*Rasul Bakhsh Rais*

Industrial Policy: Irrelevant or Essential? 8
*Syed Turab Hussain*

Reforming Pakistan's Justice Sector Reform Discourse 12
*Osama Siddique*

Natural Disasters and Policy Planning 19
*Syed Ali Asjad Naqvi*

Research Notes 26

Revealing Facts: Floods in Pakistan
I. Impact Assesment 34
II. Aid and Assistance 35

# Editors' Note

There is more to economic development than meets the eye. The prevalence of highly unequal incomes across different parts of the world captures a great diversity of experience with material progress. It has long been a central concern for economists to try and explain the factors responsible for economic growth. Beyond the conventional neo-classical growth models that emphasize technology and capital accumulation, the question remains as to why some countries innovate or accumulate more rapidly than others.

In search of deeper insights, economists have advanced various alternative hypotheses to explain economic growth; viz., geography, international trade, and institutions. The first hypothesis grants primacy to a favorable location, leading perhaps to a natural resource advantage and/or suitable climate for the advance of human society. This might have been important in some places and at some points in time, but clearly lacks universal appeal. On the other hand, trade and integration into regional markets allowing for free movement of goods and factors of production across borders, has often been portrayed as mutually beneficial for all involved parties, as resources flow to their most productive use and increase the overall income of the region. Yet benefits from trade may accrue quite unequally to different trading partners and the relative importance of this channel remains an empirical matter. After carefully examining the contributions made by each of these factors to national income, Rodrik, Subramanian and Trebbi (2004) conclude that the most important factor behind the economic success of a country is the quality of its institutions.

Institutions may be broadly construed as the set of norms and (formal) rules of behavior devised by society to constrain choices and provide structure to human interaction. Defined thus, institutions range from the informal norms of reciprocity in a trading market to a set of well-defined property rights along with the formal mechanisms to protect and enforce them. At the macro level, they may also include the constitution of a country as well as specific rules concerning the change of government and conduct of elections. Institutions tend to be relatively stable but they can change, and at times change quickly, as in the case of new formal laws. But, as argued by North (1990), the most substantive and lasting change in institutions often takes place gradually given the social embeddedness of accompanying informal constraints.

The articles in this issue of the *Social Science and Policy Bulletin* raise important questions regarding key institutions, or lack thereof, in Pakistan. The first article by Rasul Bakhsh Rais places the federal structure of the country's constitution in the context of provincial rights and attempts to evaluate the significance of the Balochistan Package and the Eighteenth Amendment. In the second article, Turab Hussain tackles the debate regarding the role of industrial policy in economic development arguing that there is a need for the government and industry to engage in meaningful 'strategic coordination', with the rules of this coordination framed in a way to prevent both policy capture by the business elite and unchecked ad-hocism of the government. The article by Osama Siddique critiques the Pakistani justice sector reform discourse by suggesting that it take greater cognizance of existing social realities. He warns against narrowly framing a complex discourse, arguing that a meaningful reform merits shifting the focus of the debate from the courts to the society and broadening the set of participants. Finally, Ali Asjad Naqvi shows us how simulations from Agent-Based Models can significantly improve a policy-maker's understanding and management of a natural disaster by forecasting outcomes under different policy scenarios.

# Renegotiating Federalism in a Troubled Region: The Balochistan Package

By Rasul Bakhsh Rais



Federalism, the constitutional distribution of power between the centre and the provinces, largely remains an unsettled issue in Pakistan for a number of reasons. Chief among them is a historic tendency on the part of federal governments, military as well as civilian, to assume greater powers than the smaller units in the federation would be comfortable with. From the beginning, the political design of the state and the preferred nation-building strategy placed greater trust and powers with the federal structure than the provinces, ignoring their genuine identity, economic and political concerns. Far from achieving any meaningful integration, this centralization of powers only alienated the provinces and resulted in disputes that involved the use of force. The failure of keeping East Pakistan, now Bangladesh, in the union was primarily a failure in crafting a federal system that could balance the requirements of an effective national government with provincial aspirations of autonomy and self-empowerment.

Balochistan presents another case of troubled federalism where Baloch ethnic sentiments have repeatedly surged, showing deep distrust of the federal government over the distribution of powers and rights over natural resources. At the moment, the province is going through its third insurgency in sixty-two years, putting tremendous pressure on Pakistan's security infrastructure that is struggling to put down the Taliban insurgency in the western tribal borderlands.

Many of the problems that Pakistan is facing today are in general a troubling legacy of military rule, and in particular a legacy of the Musharraf regime, especially with regard to the insurgency in Balochistan that was triggered by both the character of that regime and its political manipulation. Historically, military regimes have depended on the centralizing agency of the armed forces, the federal bureaucracy and a selective co-optation of provincial political elites who are amenable to constitutional deviations. But by suppressing genuine political representation and pushing democratic forces in the provinces to the sidelines, they generated deep misgivings against the federal government and the Punjab, the largest province of the federation from where the great bulk of the armed forces were drawn.

This is not to suggest that civilian governments have addressed inter-provincial relations or provincial demands for powers more prudently or empathetically. While Pakistan's experience is patchy in this respect, democratic governments inherently have greater political capacity to negotiate, compromise and accommodate provincial rights. In the case of Balochistan, the political debris that appears to be so toxic was allowed to accumulate for a decade, mainly due to the non-democratic and highly centralized military rule of Musharraf. On the contrary, with less than two years of term served, the elected government has taken the first important steps to address the issue, even if not decisively or entirely to the satisfaction of Baloch nationalists. The first such step, one that this paper focuses on, is the Balochistan Package and the second, perhaps greater in significance, is a consensus on the new National Finance Commission (NFC) Award and the passage of the Eighteenth Amendment.[1]

## Federalism: Striking a Balance

My argument is that the significance of the federal

question and its pro-active resolution in Balochistan, according to popular aspirations, lies in three inter-related political facts. The first deals with recognizing Pakistan's national character as a multi-ethnic society. However, the understanding of this character needs to be more nuanced than many studies on this subject reflect.[2] The country's ethnic mix is an outcome of migration, old and new, and is more intricate, inter-woven and complex than is commonly understood. As has become clear through painful experience, the issue of provincial rights is primarily connected to the political rights of different ethnic nationalities and one Pakistan can ignore only at the cost of damaging the federation.

The second political fact is that a multi-ethnic state like Pakistan requires a democratic and consociational federal framework of governance, because many of the problems plaguing centre-province relations are about who exercises what political power. Democracy is a natural tool for handling ethnic diversity because popular participation gives peoples and their representatives a sense of ownership in the power structure and a stake in the political system, while federalism, in its true spirit, would give them political, economic and cultural autonomy.

As we know, the theoretical foundations of a federal system lie in the concept of dual sovereignty, as it creates two sets of political authority: an effective and efficient national government, as well as state or provincial governments with separate and well-defined areas of jurisdiction (Karmis & Norman, 2005; Chemerinsky, 2008; Filippov et al., 2004). Empirically, federalism has proved to be the best arrangement for ethnically diverse societies. Its recognition of social and political pluralism helps integrate different communities together in a single nationhood.

The third political fact is that ethnic identities of regional social groups are rooted deeply in history, culture, language and folklore. The illusory assumption that these identities could be wished away or instantly substituted with another politically-engineered identity was proven absolutely false in the case of East Pakistan. And if Pakistan continues to ignore the ethnic factor in reshaping the federal political order, it will only add further pressures and demands on its fragile political system.

Unfortunately, successive generations of politicians and policymakers in Pakistan have failed to demonstrate true understanding of ethnic pluralism and its place in the political system. Most Pakistani political leaders have been uncomfortable in recognizing ethnic identity as a legitimate political concept–it is lost on them that ethnic difference is and can be a legitimate basis on which regional groups can claim their share in resources, power and decision-making at the centre. Even if they did understand the political implications of ethnic diversity, they often ignored it by portraying genuine ethnic and regional demands as opposed to the interests of the federation. Often, this falsification had another sinister purpose: to legitimize oneself as a true patriot while labeling ethnic leaders and groups as traitors. As a result, Pakistan's national leaders, both civilian and military, never came to terms with the ethnic and regional realities of the country, which were presented as more of a problem than an opportunity to build an inclusive, participatory nationalism. The use of religion to create national solidarity that would cut across ethnic identities was too idealistic to be a pragmatic solution to the real political problems (Binder, 1961).

Ethnicity in Pakistan or other countries is not inherently antagonistic to building a nation-state. Those who make the opposite argument are fixated on the European notion of culture-based nations, which were formed after many years of immeasurable bloodshed that allowed powerful groups, often minorities, to impose their cultural hegemony on less fortunate, weaker groups. Most post-colonial states are ethnically diverse, and by necessity have to undertake a painful process of adjustment, accommodation and co-existence through mutual acknowledgement and inclusive politics. Pakistan,

in comparison to other countries, has an ethnic complex more conducive to nation-building than others. It has many layers of integrative forces that it could have used, and that it can still intelligently use, to weave a rich composite nationhood. Among these are interspersing ethnic groups, linguistic overlaps, common cultural and civilisational roots, democratic politics and social movements.

Ethnic pluralism of the Indus valley region that now forms the geographical core of Pakistan, was historically never separatist in outlook–it was rather an integrative force for thousands of years under local kingdoms and great empires. There cannot be better evidence for this than in the historical pattern of migration of populations, regional commerce and trade (Nichols, 2008). This historical pattern, which has continued over the past six decades, has further transformed the ethnic landscape of Pakistan into a diffuse, patchy and colorful mosaic of ethnic cultures and heritage.

This has happened, however, without any assistance from the country's politics, which has always remained divisive through its refusal to accept regional autonomy and ethnic rights as one of the guiding principles of Pakistan's secular nationhood. Never in any situation is social diversity an obstruction to evolution into a cohesive nationhood. It requires a different kind of politics, one which must simultaneously be dictated by the logic of ethnic diversity and also the well-established principle of federalism. A kind of national solidarity needs to be built from the ground up, by listening to concerns and voices from the constituent regions–not by merely acknowledging them as rightful players, but by giving them a real voice and stake in national power and decision-making.

It took Pakistan a quarter century to reach national consensus on the 1973 Constitution that somewhat settled the federal issue, as regional political parties accepted the proposed distribution of powers between the centre and the provinces. But successive regimes in Pakistan have not lived up to that promise, eroding the trust of the provinces in the federation. The successive authoritarian administrations that Pakistan has endured for decades have alienated some ethnic groups, particularly the Baloch, fuelling anger and frustration among them. Military rule by definition undermines provincial autonomy, and in Pakistan's case, in popular regional perceptions, it has become associated with the dominance of the majority ethnic group, the Punjabis. It was thus considered to have violated the spirit of federalism and the national consensus.

The questions raised in this article relate to reshaping federalism in Pakistan with a focus on the Balochistan Package. The Package is part of larger efforts to transition from the centre-tilted federalism that Pakistan has been practicing to a more balanced one that would tackle the grievances of the smaller provinces. In developing this line of argument, I will ascertain whether the Balochistan Package gives a good political signal to disaffected Baloch leaders about the willingness of the federation and mainstream political parties to renegotiate the centre-province relationship. I aim to determine if the process of formulating the Package has been inclusive and how this package differs from an earlier attempt in 2005.[3] I also try to establish the reason for Baloch rejection of the Package thus far, while predicting the likelihood of success in selling the package as a first step towards engaging Baloch leaders in a dialogue for the resolution of tricky issues concerning provincial autonomy, empowerment and provincial rights over natural resources.

## The Promise of the Package

The Balochistan Package, as the word implies, packs up every issue, problem and concern that the Baloch nationalists have talked about. It promises short-term political and administrative palliative measures in conjunction with long-term constitutional solutions to two fundamental demands: autonomy and provincial rights over natural resources. I am not sure if the omnibus approach is the right one to settle the complex problems of Balochistan, but it is the essence of the Package. In a way, it is consistent with the political tradition of

Pakistan that runs on two extremes: one of total indifference and stalling on political problems and the other of bundling together different issues in a catch-all approach when the situation comes to a boil. As indicated above, there are many dimensions to the Balochistan problem. Instead of negotiating some priority issues, implementing the agreed-upon solutions, and then working on the trust built through demonstrated effects, the Package attempts to address all issues at once and in one go. The Package-making Parliamentary Committee has neither addressed the distrust of the Baloch leaders and the political capacity of the federal government to implement its recommendations, nor the ranking of different issues in terms of priority.

The Balochistan Package is a 'carbon-copy' of the proposals that the Shujaat-Mushahid Parliamentary Committee made in 2005.[4] That committee had twenty parliamentarians from Balochistan and eighteen from other provinces. The nineteen-member Sub-Committee included twelve Baloch parliamentarians representing all political parties of the province. The various solutions proposed in the Balochistan Package are, therefore, not new for the Baloch leaders. Often these solutions have been debated in the media and have formed the basis of political discussions among the leaders of political parties. The question, then, is why the Parliamentary Committee of the PPP-led government wasted so much time when it did not propose anything radically different. It did so to make its policy of 'national reconciliation' credible. This could be achieved by taking ownership of the Balochistan initiative, thereby taking credit for resolving its lingering problems. However, it could have also undertaken some necessary path-clearing political initiatives, such as a more focused approach to tracing down 'missing' (read, in the custody of intelligence agencies) Baloch activists or instituting a judicial inquiry to probe the murder of Nawab Bugti that triggered a wave of violence in the province in 2006.

At best the Balochistan Package can be termed a goodwill gesture, an early indication of the direction of constitutional reforms by the Federal Government to seek reconciliation with the Baloch leaders. Prime Minister Gilani aptly termed the package as the "beginning of the rights of Balochistan".[5] The announcement of the Package, followed by a consensus between the federation and the provinces on the National Finance Commission Award after seventeen years, is a good starting point to settle problems between the federation and Balochistan. The real change has come about with the passage of the 18th Amendment into the Constitution greatly restoring the original character of the 1973 Constitution in promoting federalism, provincial autonomy and strengthening the parliamentary system.[6] The Amendment goes much further than any constitutional reform in the past in granting greater powers to the provinces. The dropping of the concurrent list of powers from the federal jurisdiction—a longstanding demand of provincial rights' activists—along with the recognition of provincial rights over natural resources will go a long way toward assuring the peoples of Balochistan that their rights are protected. But much will depend on how the radical Baloch leaders are brought back into the political process. Non-secessionist Baloch leaders were formally and informally brought into the negotiation process for finalising the Package and the 18th Amendment, but there is need of much political suasion to bring their secessionist counterparts on board.

There is another problem, in general, with the formulation of political packages and reforms in Pakistan. They are usually seen to come from above and are sold to the public as big concessions by the relevant government. The issues relating to Balochistan are about rights, and not at all about granting any favours. This is the position that most Baloch leaders hold and they may interpret the Package more or less in that light. It would have been much better if the federal government had kept the Package open for dialogue and avoided a unilateral approach. The Baloch leaders may still wish to negotiate, and perhaps push for a harder bargain, but that is what democratic politics is all about—resolving

conflicts through peaceful means. The Baloch leaders have a stake in negotiated solutions in which they have ownership of the process and take credit for winning the struggle for their political rights. Unfortunately, unilateralism in fashioning the Package has left out the estranged Baloch leaders and it may take further political efforts to win back their trust and support. The Package must be seen more as a 'road map' than a final or absolute resolution of the grievances of Balochistan.[7] The success would depend on how effectively the federal government implements it and how soon radical Baloch nationalists give up violence and extremism to return to mainstream politics. Notwithstanding the flaws in the package, there is enough in this initiative to provide a ground for engagement between the federal government and the Baloch leaders.

## Future Scenarios

The Balochistan Package is the first step toward addressing the alienation and dissatisfaction of the largest and most mineral-rich province of Pakistan, which over the past four years has become home to growing insurgency and unrest. It is the first serious attempt to deal with the grievances that have accumulated over the decades, especially during the Musharraf military regime. There is newfound optimism towards the resolution of the Balochistan issue as all major political parties seem to have evolved a consensus on relatively greater provincial autonomy than the present structure of the constitution can allow. After more than two decades, political parties have for the first time reached an agreement on the National Finance Commission Award (dividing the pool of nationally accumulated resources between the federation and provinces and amongst the provinces themselves). This sets a good backdrop for flexibility and accommodation on the issue of provincial autonomy and the transfer of the Concurrent list to the provinces, which is part of the 18th Amendment to the 1973 Constitution. The 18th Amendment has in fact given constitutional cover to some of the measures announced in the Package. The Balochistan Package and the NFC Award coupled with the new identity and structure of governance for Gilgit-Baltistan, reflect a new political thinking on relations between the provinces and the federal government. This new thinking is greatly accommodative of regional and provincial demands in two vital areas—greater roles in governance and management of economic resources. Once these concerns are addressed (and this will require concrete steps on the ground), Baloch political groups that seek solutions within the federal constitutional framework will be strengthened. But those seeking independence may hold their position until real change occurs in the power equation between the centre and the province.[8]

While talking about renegotiating relations between the federation and Balochistan, we need to constantly remind ourselves about two emerging sources of conflict—natural resources and the changed strategic environment of the region with respect to new global actors in Afghanistan. The Baloch nationalists find the environment propitious for changing their historical relationship with the Pakistani federation by staking greater claim on both energy resources and the Mekran coast, using the multiple crises that Pakistan faces as leverage for better bargaining. Their success may set the stage for other regions, notably Gilgit-Baltistan, to demand full provincial status, with Azad Kashmir also pushing for greater autonomy than it currently enjoys. In the latter cases, water resources could figure as a bargaining chip in their attempt to redefine their relationship with Islamabad.

## Conclusion

All provinces in varying degrees have demanded greater powers, but the leaders of smaller provinces have been more vocal in this respect. For decades, they have been urging the federal government to devolve jurisdiction over the Concurrent list, which mercifully the 18th Amendment has, in essence, done. It is a departure from the past practice of federal government domination, be it military or civilian, whereby the centre remained

protective of over-extended authority of the federal government, citing reasons of security, national integration and effective governance.

Gradually over the past decade, all political parties have reached a Consensus on the deletion of the concurrent list from the powers of the federation. The Balochistan Package reflects the political sentiment among all political parties, whether national, religious or regional, on this issue. It is a sign of political progress, but much would depend on two factors: implementation of the package and rapprochement with those Baloch political leaders that have lost trust in the federation.[9]

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**Notes**

[1]Raja, A. (2009, November 25). Government offers olive branch for Balochistan. Dawn.
[2]See for instance: Amin, T. (1998); Phadnis, U. and Ganguly, R. (2001); Harrison, S. (1981); and Baloch I. (1987).
[3]Senate of Pakistan, Senate Foreign Relations Committee (2005). Report of the Parliamentary Committee on Balochistan, Report 7.
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[6]Rehman, I.A. (2010, April 8). Reform compromises. Dawn.
[7]Dawn (2009, December 3). A new beginning.
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# Industrial Policy: Irrelevant or Essential?

By Syed Turab Hussain



## Brief Historical Review

In the course of the economic development of the West and the Newly Industrialized Countries (NICs) of Asia, there is no example of a country following a completely *laissez-faire* policy with regards to industrial development. While the nature and extent of the involvement of state varied across countries, each having its particular recipe for industrial development, industrialization did not take place through the unfettered workings of the market in any of these cases. In particular, the success of the Asian Tigers and more recently of China and India in sustaining high growth rates has been on the back of an activist industrial policy. The extent of state intervention in these economies ranged from input subsidies, tax exemptions, and tariff protection to direct public sector investments in large scale projects such as steel manufacturing in Korea and Japan.

The post-1945 structuralist conception of development considered capital accumulation (industrialization) to be the engine of economic growth and development. For the structuralists, an interventionist industrial policy coupled with trade protectionism was imperative for the transformation of an economy from primary low value-added production to high value-added manufacturing, i.e., *import substitution industrialization*.[1] State intervention was justified by the prevalence of economies of scale (agglomeration economies) in manufacturing and coordination failures inherent in an underdeveloped economy. In the absence of complementary investments (backward and forward linkages) and necessary industrial infrastructure, entry costs for the pioneering firms into any sector might become extremely high, resulting in a coordination failure for private sector investment. Given these structural constraints, industrial development (especially one that broke away from traditional resource- and factor-based comparative advantage) was viewed as next to impossible in a free market environment, giving credence to the 'infant industry' arguments for protection and the 'big push' model of large-scale state planning and intervention for industrial development.[2]

However, state intervention in its various manifestations was not always successful in achieving efficient industrialization and sustained economic growth. The experience of Latin America stands in sharp contrast to that of East Asia. Although both regions pursued an activist industrial and trade policy, the outcomes achieved were significantly different. In countries like Korea and Taiwan, protection in the form of subsidies and tariffs was afforded to firms that conformed with the state's objective of achieving economies of scale in production through explicit export requirements, forced mergers and investment licensing (Chang, 2003). Latin America on the other hand did not have such a clear focus in terms of achieving economies of scale or creating incentives for firms to be outward-oriented. In fact, in most countries the industrial policy was essentially inward-looking: more focused on achieving domestic self-sufficiency in manufactures rather than creating future export vents. The outward-oriented industrial policy of the East Asian countries provided opportunities for domestic firms to target regional and international markets, allowing for economies of scale and efficient production. This inward orientation of Latin American countries, coupled with a shift of resources away from the larger agricultural sector, limited and stifled the

demand for the nascent manufacturing sector thereby retarding its growth, efficiency and competitiveness, a case in point being the Argentine car industry (Bruton, 1998).

Notwithstanding some notable exceptions, such as the aircraft, steel and shoe industry of Brazil, the industrial transformation of Latin America was generally not as successful as in East Asia. According to Rodrik (2004), "the difference between East Asia and Latin America is not that industrial transformation has been state-driven in one and market- driven in the other. It is that industrial policy has not been as concerted and coherent in Latin America as it has been in East Asia, with the consequence that the transformation has been less deeply rooted in the former than it is in the latter."

The 1980s brought a major shift in development thinking. The debt crisis and the ensuing macroeconomic instability which ravaged Latin America for more than a decade was blamed on the 'villainous' policies of state intervention and trade protection in the region (Taylor, 1996). The rampant rent-seeking, corruption and inefficiency of governments in developing countries engendered further skepticism regarding the effectiveness of the state in fostering industrial and economic development. The fact that East Asia remained unscathed from the vagaries of the debt crisis gave support to the neo-liberal view which was centered on the concept of market supremacy and trade liberalization. Export-led growth was highlighted as the major factor behind the successful transformation of East Asia, while its activist industrial policy and initial years of trade protection were essentially overlooked. The alternative put forward was articulated by what came to be known as the 'Washington Consensus'. Under the neo-liberal development paradigm, the role of the state in industrial development was limited to correcting market failures and the provision of public goods. Although market failure or externalities provided an economic rationale for state intervention, mainstream economists and policy makers became more circumspect of government intervention, stressing the greater propensity and prevalence of government failures as opposed to market failures in developing countries.

**Towards an Industrial Policy**

As is evident from the above historical overview of industrial policy, demarcating the domain of state intervention in an economy has been the source of continued controversy and debate. However, there is an emerging agreement between heterodox and mainstream economists on the broader role of industrial policy and the importance of structural transformation. The differences which remain are on how much or to what extent a country may deviate from its comparative advantage. The notion of comparative advantage in neo-classical trade theory is essentially static—it does not allow for the possibility of industrial transformation, given the current prices and factor endowments in an economy. As stated earlier, the central objective of industrial policy is to diversify the industrial base and move into higher value-added activity. While the mainstream economists stress on a 'step by step', or gradual transition towards higher value-added production in conformity with available technology and factor resources, the heterodox camp stresses the importance of defying comparative advantage by taking 'leaps' in certain areas which are considered strategic (Lin & Chang, 2009).

Given that the fundamental principle of an industrial policy is to facilitate the process of structural transformation, a possible bridge between the two perspectives on industrial policy would be to focus policy intervention to facilitate 'new activity' in the industrial sector while helping existing firms upgrade their products and production methods. In other words, the policies should consolidate and strengthen existing comparative advantage and at the same time attempt to harness potential dynamic comparative advantage to stimulate a diversified and internationally competitive manufacturing and export base.

The 'new activity' entrepreneurs are those who either introduce a new product in the domestic market or develop a more efficient production technology for an existing product. In fact, the formation of an industrial cluster is greatly dependent on the incentive structures present for the first entrant (pioneer firm) in a new industry. Although the ability of the state to 'pick winners' is limited on account of imperfect information regarding future returns on new investment opportunities, the state can increase the probability of a new entrant becoming a 'winner' through strategic policy intervention (Hausmann & Rodrik, 2003). Such strategic intervention can lead to the formation of economically viable and vibrant industrial clusters. Policies which facilitate the emergence of new clusters, especially in economically depressed areas, would result in a more equitable and inclusive growth—a broader objective of the typical industrial policy.

The state can facilitate the entrepreneur by addressing both coordination and market failures. Coordination failures might arise due to spatial impediments such as the absence of necessary infrastructure (such as road network, electricity etc.), or the non-existence of critical complementary investments in the area. These latter costs would often tend to decline with an increase in the number of firms in the cluster, indicating agglomeration economies.[3] Similarly, a market failure that could hinder a new investment may exist in the credit market, either because firms lack collateral or banks lack information on firms (due to the absence of a credit history). With both coordination and market failure, the state can intervene by providing necessary infrastructure and devising mechanisms such as a venture capital fund which would enhance the prospects of a new entrant or innovator to qualify for financing. Furthermore, industrial policy can be employed to gradually alter existing factor resources and thus comparative advantages. For example, investments in education and vocational training could increase the endowment of skilled labor. This would not only help existing firms move up the value chain, but also encourage new investments that are skilled labor-intensive.

The key lesson derived from East Asia is that industrial policy is not a one-off phenomenon but a process where firms and the government learn about major impediments and opportunities to engage in "strategic coordination". Therefore the broader approach towards formulating industrial policy should be through the continued interaction between the private sector and the government. This engagement should be effectively institutionalized so that it can form the basis of a dynamic, flexible and evolving process of industrial policymaking. The crucial point about this public-private engagement is a balanced position which is somewhere between bureaucratic ad hoc-ism and complete embeddedness of the private sector in industrial policy and planning. While the former extreme would increase the likelihood of inappropriate policy formulation, the latter would spawn a state patronized inefficient industrial sector [see, Rodrik (2004)].

An important constraint in industrial policy making which is relevant today is the more restrictive 'policy space' available to countries. Leaving aside the debate on the effectiveness of trade policy, developing countries under the WTO trading system cannot readily use trade policy as an instrument for industrial development, as was done by most industrialized countries in the past. For example, export subsidies, local content requirements and quantitative restrictions on imports are all illegal under the rules of the WTO. Moreover, the WTO agreements on trade-related aspects of intellectual property rights (TRIPS) ensure that there is no reverse engineering and copying of goods, which has rendered technology transfer through learning and imitation difficult. A positive feature of the WTO is its institutional mechanism that allows developing countries to negotiate for increased 'policy space'. The failure of recent rounds of negotiations which attempted to extend multilateral

discipline to national competition and investment policies is evidence of developing countries effectively protecting their policy space (Rodrik, 2004).

Finally, given the tight fiscal constraints facing most developing countries, the extent and possibility of state intervention through either public sector investments or subsidy provision is severely limited. In many instances, these limitations are part of the conditionalities imposed by multilateral agencies. Prudent macroeconomic policy and increased domestic public revenue generation would facilitate a more proactive role of government in industrial policy. In the absence of fiscal space, designing a feasible industrial policy is of paramount importance and underscores the need for strategizing and prioritizing government intervention.

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**Notes**

[1]Singer (1950) and Prebisch (1950) documented a secular decline in terms of trade of poor countries. This finding served as one of the critical arguments for structural change.

[2] Within the economics profession, many such as Nurkse (1953), Lewis (1955), Baran (1957), and Rosentein-Rodan (1943) were advocates of a development strategy led by the state. In fact, with the exception of a few like Albert Hirschman, who viewed development as a more spontaneous and chaotic process, the consensus has been towards state-led development strategy.

[3]An investment by a firm creates positive externalities (unintended benefits) for other firms. Therefore, while there are diminishing returns to investment at the level of the firm, there may exist increasing returns at the level of the industry (cluster). As individual firms do not take into account the positive externality of their investment decisions, they tend to under-invest, thus creating a rationale for government intervention.

# Reforming Pakistan's Justice Sector Reform Discourse

By Osama Siddique



There are increasingly growing gaps between the justice sector reform discourse in Pakistan and peoples' actual expectations from and differential experience with the justice system as determined by various levels of social, economic and political disempowerment and alienation. In this context, based on my review and analysis of a wide array of relevant theoretical and empirical literature, documentation of government and donor-led justice sector reforms, Pakistani law reform commission reports, and several local and international studies on the problems confronting the Pakistani justice sector, I essentially posit two contentions. My first contention is that the narrow perspectives and agendas of what I call the 'legal reform community' monopolize the justice sector reform discourse in Pakistan and as a result, this discourse is socially de-contextualized (Siddique, forthcoming). This 'legal reform community' includes judges, lawyers, government policymakers and law officials, as well as local and international consultants employed in justice sector reform policy-making and advisory work in Pakistan. In many instances, the members of this 'legal reform community' are the consultants/advisors that design, formulate, influence and implement reform interventions while simultaneously being the object/target of reforms (with the reform agenda overwhelmingly concentrating on reforming the judiciary and the court system). I contend that due to their particular ethos, perspective and design, the reform prescriptions coming from the 'legal reform community' adopt a macro, abstract and narrowly doctrinal and legalistic perspective to law reform. Further, these prescriptions largely ignore the various social, economic and political contextual constraints that may inhibit access to legal remedies for different sections of contemporary Pakistani society. Additionally, this reform process and resulting reform prescriptions are highly exclusionary of vital stakeholders who are not members of this 'legal reform community.' In other words, the 'legal reform community' is motivated by a reform philosophy, and driven by a reform agenda that creates an artificial divide between the legal system and society. Thus, it approaches reform in more or less an artificially created vacuum (Ehrlich, 1936). Invariably, this reform agenda focuses on the speed and delivery capacity of the extant legal and judicial system and pursues this goal through strident advocacy for greater numbers, better infrastructure, higher remuneration, and greater staff support for the judiciary. There is little or no attention to the legal system's actual complex and multifarious interplay with and impact on diverse sections of society. This is reform without any sense of context.

A major part of the problem is the purely technocratic and at times self-servingly insular approach of the 'legal reform community' that has historically dominated and continues to dominate the justice sector discourse in Pakistan, as indeed it has in India (Baxi, 1982). An additional problem, I contend, is the growing popularity of legal rhetoric in the international law and development discourse that is bringing about a new reductionism (Kennedy, 2008). As a result, complex development issues are increasingly formulated, evaluated, and debated through the framework of legal concepts and remedies. This can cause, I suggest, obliviousness to meaningful appreciation of the risk of narrowly legalizing what is a much more complex discourse. Consequently, this can also distract attention from the need for a deeper political and economic engagement with the underlying issues plaguing the justice sector and indeed society

itself. With this in view, the upshot of my argument is that in the Pakistani context, the existing justice sector discourse reveals that law reform, and law making, largely takes place without sufficient cognizance of social realities, social diversity and social disparity. This is due to several political, structural and institutional reasons, aspects of which I have discussed elsewhere (Siddique, 2006; Siddique, 2007).

My second contention is that the justice sector reform discourse in Pakistan is further flawed because it is ahistorical in its envisioning and analysis of its problems. In other words, it does not engage with the reality of the continuing imprint of colonial law-making on the current Pakistani laws and legal system (Siddique, forthcoming). A rich array of multi-disciplinary literature on colonial rule in undivided India reveals that colonial legal systems and law-making likely caused wide-scale social, political and cultural displacement (Cohn, 1959; Rudolph & Rudolph, 1965; Galanter, 1968; Skuy, 1998). Motivated as it was by different and at times conflicting political philosophies (Stokes, 1982; Kolff, 1992), and by a set of policy priorities formulated by the particular exigencies and imperatives of colonial rule (which also varied in different parts of colonial India and during different periods of colonialism) (Washbrook, 1993), this is hardly surprising. In light of the fact that many of these colonial legal codes and legal and administrative governance frameworks are still largely intact in Pakistan, there is an acute need to revisit their design and content in light of contemporary realities, institutional challenges and popular aspirations.

A better-contextualized, more socially-cognizant and intellectually-nuanced approach to legal reform may have a more positive social impact in terms of upholding constitutional rights and legal protections of dis-advantaged groups in Pakistani society. Furthermore, a growing invasive trend on part of the Pakistani judiciary to encroach the realm of the purely political is highly problematic. Additionally, the exclusionary tendency of the Pakistani law and justice discourse to crowd out attention to and engagement with other neglected and rightful avenues for political and economic reform ought to be resisted. This 'cultural hegemony' of the law may well be doctrinal as well as institutional, as indeed it may also manifest in terms of its special language, procedures, categorizations and general modus operandi (Merry, 1990; Moore, 1978). To borrow a concept from Foucault (1975) and apply it in the current context, legal 'normalization' ought to be under special scrutiny, especially when it seems increasingly violative of diversity, pluralism and popular modes of access to justice, and when it completely erases or transforms what the common person finds more intelligible, accessible and fulfilling (Bhattacharya, 2001). Failure to resist such hegemony, when it excludes the layperson, the disempowered and the disadvantaged, I suggest, may cause further lack of success for the justice sector discourse in addressing issues and contestations that necessarily require major political and economic debate. The very political nature of these issues and contestations, in any event, make these an inappropriate terrain of operation for purely technocratic and legalistic reform approaches. Continuing neglect of necessary avenues of political and economic engagement necessary for a holistic understanding and meaningful redress of rights' violation and legal disempowerment and violation of rights is ultimately self-defeating, and amounts to little more than the pursuit of a legal red herring.

It is thus important to shift the focus of justice sector reform from purely technocratic/legalistic to legal-sociological (Llewellyn, 2008; Hale, 1923; Hale, 1935; Hale, 1943). In other words, it is vital to transfer the gaze from the courtroom to the disputants themselves (Siddique, forthcoming). This is essential, in order to clearly assess the real nature of disputes in Pakistan, particularly in rural areas where the bulk of its population lives. Rural Pakistanis have far lesser contact with the appellate judiciary (the focus of attention for the bulk of the justice sector reform discourse), as compared to their regular contact with the lower rungs of the state —the tehsil and district courts of first instance and appeal, the tehsil and district administration, and the local police

station. Furthermore, it is necessary to determine exactly how these disputes emerge in society, get resolved or alternatively, are perpetuated. Whether and how some of these disputes become legal contestations are only secondary questions. These secondary questions can be meaningfully investigated only if there is simultaneous appreciation of the socio-politico-economic background and imperatives for potential legal contestations. It is thus important to determine whether there are regular winners and losers in typical and widely prevalent rural disputes. It remains to be seen whether consistently ending up on the losing side is a function of certain existing disempowerments and socio-economic conditions. It is also important to determine whether the cultural hegemony, the cost, the delay, and the continuing incomprehensibility and/or lack of fit of the formal legal system persuades many rural disputants to take recourse to informal dispute resolution mechanisms and modes of popular justice. Finally, it is necessary to ascertain whether some of these alternative informal modes of dispute resolution ought to be further bolstered, both to enhance access to justice, and to reduce the ever-increasing workload on the formal courts.

This necessitates even deeper exploration of whether the history, structure, sociology, ideology and capacity of the existing legal system and its operators inhibits and constrains it in addressing disempowerment and resulting injustices. At the same time, it is logical to ask if these phenomena actually cause the existing legal system and its operators to cement and perpetuate such disempowerment and injustice. This then raises the related question of whether the aforementioned de-contextualized nature and ahistoricity of the justice sector discourse further perpetuates this institutional inability, and even complicity. The upshot of all this is that a myopic focus on the legal system in isolation of its context, and the constant analytical formulation of disputes in society as essentially legal contestations, will continue to prevent more meaningful, deeper, multidisciplinary evaluation of the socio-politico-economic dimensions of the justice sector. Such myopia seems to be leading us nowhere in terms of our larger understanding of the real reasons for an increasingly divided and contentious Pakistani society.

It is not even adding much to our comprehension of the narrower question of why the formal justice system is getting more and more burdened with new legal cases, becoming slower in its output, being increasingly perceived as controversial in its dispensation and consequently losing the trust and confidence of the people. At present, we have no empirical evidence or deep legal-sociological-anthropological work to answer even this relatively narrow question. We cannot yet accurately describe the nature of the bulk of disputes in Pakistani society and resulting court cases. Are they a function of archaic and flawed laws, absence of social regulation, procedural weaknesses, institutional shortcomings, poor capacity and weak training of justice sector personnel, contractual asymmetry, personal wealth, growing rent-seeking, demographic pressures on resources, or any and all of these factors and more? To which features is the phenomenon attributable to and in which parts of Pakistan - we simply do not know. There is no current on-going research of note, no reliable disaggregated available data, and no rigorous analytical or explanatory theory on offer. We have conjectures, speculations, anecdotes and biases at best. As a result, the existing priorities of justice sector reform are restricted to relatively superficial steps like training court clerks, computerizing cause lists in courts, introducing better court record management systems etc. While these steps can have some useful impact, especially in terms of accumulation of useful data for future analysis and enhanced case flow efficiency, on their own they may not ultimately amount to much without a commitment to deeper assessment of the substantive and structural issues confronting the justice sector. Other than that, there is the perennial demand by the country's judicial leadership for more judges, more courts, more facilities and higher salaries.

**The Fallacies and Shortcomings of the Current Discourse**

It merits at this stage to further flesh out the two aforementioned critiques of the justice sector discourse, by briefly elaborating on their most prominent characteristics, dimensions and directions, with a special focus on the last decade of reform (or at least the promise of it).[1] Briefly stated, these characteristic features of the reform process are as follows:

(a) The Pakistani justice sector discourse mistakenly continues to equate the vast and complex concept of the justice sector with the narrower operation of judges and courtrooms. While adopting this narrow perspective, the 'legal reform community' continues to myopically focus on efficiency enhancement of court-based dispute resolution mechanisms, while ignoring the actual quality of justice coming out of the courts. It is all about speed and efficiency and relatively little about substantive justice and equity.

(b) Further, the reform interventions germinating from this discourse have largely ignored the underlying reasons for societal disempowerments and disputes and the resulting contestations in courts. They have essentially reduced the analytic of court contestations to bare number crunching in terms of aggregates regarding case institution, disposal and pendency, rather than a scrutiny of the complex interplays of these contestations with important societal phenomena. Such scrutiny is necessary if disputes are to be meaningfully addressed. This is true even for successful pursuit of the narrower goal of arresting the trends of constantly escalating, oftentimes frivolous and/or coercive, and invariably delayed litigation in the country. This vital context and the underlying reasons for Pakistani court battles, however, are constantly overlooked.

(c) Even in terms of reform solutions, the reform interventions, in particular the ones introduced over the past decade, have adopted a very court-centric approach. This limited approach has two dimensions. The first dimension is that in reform dialogues and engagements, an overwhelming primacy is accorded to the courts, judges and legal practitioners over and above other equally important players in the justice sector. The latter include, inter alia, citizen and consumer groups, NGOs, human rights groups, academics, policy experts, media, labor and trade unions, political parties and legislative bodies. Unsurprisingly, this has resulted in a very narrow outlook on the justice sector and its problems. The second dimension is that reform prescriptions are essentially determined and controlled by limited, technocratic and at times parochial perspectives of the aforementioned ascendant practitioners of the law. This constant neglect of the non-court and non-legal profession dimensions of the justice sector has in turn contributed to the half-heartedness of any ancillary attempts at generating demand, awareness, and stakeholder ownership for these reform interventions in society. This is another contributory reason for the lack of success and sustainability of these reforms.

(d) The neglect of and non-engagement with political parties and actors, political processes and the legislature in the Pakistani justice sector reform discourse has further added to the malaise. It has meant that many areas of constant disputes and legal contestations that actually require wide consultations and consensus-building, fresh policy thinking and legal upgradation and amendment of the applicable law (or even the introduction of new and socially informed laws and regulations in areas that face the vacuum of such laws and regulations), remain unaddressed. Being politically unrepresentative and unaccountable, these technocrats and legal experts, however, could not care less about this political and social apathy vis-à-vis their reform prescriptions.

(e) By giving overwhelming primacy to courts as the terrain for reform and judges and lawyers as the instruments of reform, these justice sector reform interventions have also neglected alternative modes of dispute resolution, mediation and case diversions. This

has translated into lost opportunities for making justice more accessible to citizens. This has also ruled out the possibility of reducing case backlog and accelerating litigation in courts by relocating many kinds of disputes to alternative arenas. Even where effective social regulation made more sense, a legal penalization and court-based adjudicative solution is preferred. For instance, more effective drafting and stringent implementation of urban zoning and construction regulations would preclude many contestations that find their way to the courts for resource consuming adjudication and remedy claims. This results in not just conflating the issues but also rules out more effective out-of-court resolution of certain types of disputes. Lastly, all this has major economic ramifications as it merits additional scrutiny as to how regulatory intensity can offer benefits of reducing expensive and/or self-serving and rent-seeking litigation.

The above should hopefully clarify that my critique of the justice sector discourse does not simply provide the basis for and lead up to an argument for merely adding greater analytical rigor and contextual awareness to the deliberations within the existing justice sector discourse, thereby lending greater efficacy to its reform prescriptions. The problem is much deeper than this. While pointing out the de-contextualized and ahistorical nature of this discourse, I am also arguing that this discourse is not only too hegemonic and exclusionary, but at times even self-serving and self-perpetuating. There is, thus, a fundamental problem with the current membership of the 'legal reform community.' In other words, I contend that even if the current discussants and members of the 'legal reform community' were to read more history and engage more actively with society, not much is likely to change. There is unlikely to be much more than a limited positive impact given the conflated and ever-growing disputes in society. Meaningful engagement with the fundamental and underlying social, political and economic factors that perpetuate dispute and discord in society is simply beyond the analytical reach and institutional leverage of the discussants and decision-makers in the current discourse i.e., the judges, the lawyers, international and local law reform consultants and government law departments. The mode, by both choice and necessity, as well as the terrain of reform for these players are after all merely the courts. However, many of the causes for the problems faced by the actual disputants and eventual litigants in society lie beyond the adjudicative and corrective capacity of the courts.

An example may further explain this. Even in the comparatively limited objective paradigm of the acceleration of legal case disposal (a pet area of reform in the last decade or so but with much older antecedents in the law reform history of the country), available statistical evidence shows that the gap between newly instituted legal cases and existing case disposal is an ever widening one (Murtaza and Siddique, 2010). This necessitates a deeper understanding of what is causing greater societal dispute and resulting litigation. This again requires a better appreciation of whether an archaic law, outdated procedure, increasing claims on shrinking resources, greater exploitation on the basis of political or economic power or any of a whole host of other demographic, sociological, political and/or economic variables are contributing to excessive litigation. This also mandates a consideration of whether the solution lies in controlling and rationalizing any of these contributory variables or in exploring alternative modes and processes for dispute resolution and indeed even curing the causes for excessive disputes. A recent survey reveals several important linkages between popular perception of crime, actual experience with crime and access/lack thereof to the police, and household and individual characteristics like geographical location (both on the rural/urban spectrum as well as in terms of the socio-economic development of the region), household wealth, education, gender, religion, age, caste and social access/networks (Anjum and Siddique, 2010). Yet the reform focus has been exclusively on tweaking supply-side variables—higher number of judges, better courts, enhanced salaries, more computers and fax machines etc., without any attempts at appreciating the complexities on the demand side and the multiple

challenges faced by the end-users of the formal justice system.

Therefore, instead of just focusing on legal cases, and on evaluating the legal adjudicative process for disputes and its limitations, current legal research in Pakistan ought to be driven by a larger and deeper agenda. It has to ask whether the nature and extent of disputes in Pakistani society actually points to larger issues of a crumbling Pakistani social contract and eroding state apparatus. The underlying objective of future legal research and policy work ought not be to merely propose, as is the wont in the current justice sector reform discourse, how the existing legal and judicial system can be tweaked and refined for better service delivery and right protection. The *raison d'être* and impetus of such work ought to be to evaluate the extant official justice sector reform discourse from a legal-sociological lens, in order to determine its actual role and direction in contemporary Pakistani society—a role that I argue is one that limits and debilitates the possibility of a wider and richer discourse and for far-reaching and meaningful reforms. Its purpose ought to be to gauge and discuss the inherent institutional shortcomings of the judiciary that will always constrain it from providing meaningful justice solutions—solutions that could possibly only be provided, it is argued, through direct political and economic reform. This, briefly, is the justification for the argument for broadening, enriching and diverting the current focus of the justice sector reform discourse from the court and the case to the society and the dispute. This is very unlikely unless there emerges a new, wider and deeper reform discourse that is defined, structured and driven by thoughtful representatives from the various vital and currently ignored stakeholders in the Pakistani justice sector. The legal academy ought to be one of these.

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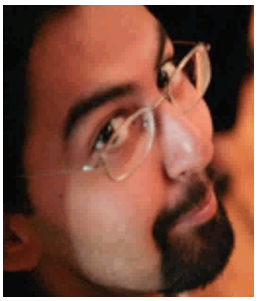
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## Notes

[1]In my current research, I am further elaborating upon and providing supportive evidence for this, especially scrutinizing major government and donor-driven justice sector reform from 1998 to 2010.

# Natural Disasters and Policy Planning[1]

By Syed Ali Asjad Naqvi



In the wake of recent floods in Pakistan, disaster management and government responsiveness are once again at the forefront of public debate. At the time of writing this article, 1600 people have perished due to flooding and over 20 million (one in eight people) have been displaced. The physical damage is of an unprecedented scale, with reconstruction and rehabilitation likely to be a challenge both in terms of policy planning and execution.

One of the immediate tasks in response to a crisis is the initial damage assessment for policy planning. From the experience of developing countries that have faced large-scale natural disasters (for example, the recent Pakistan floods and the 2010 Haiti Earthquake), such data collection remains an ad-hoc process for two main reasons: the scale of the disaster and the lack of an institutional infrastructure which can effectively enumerate relevant information. A shortfall that can be immediately identified is the lack of readily available baseline information at the village level that includes a spatial database on village locations with respect to rivers and road networks. This is potentially one of the main reasons for delays in initial damage assessment in the absence of mechanisms to monitor rate of population displacement and delivery of relief goods in the immediate aftermath of the floods. Given the scale of the disaster, overcoming such information gaps is a challenge to any institution no matter how prepared, hence highlighting the need for alternate methods of disaster analysis.

In light of this, simulations based on behavioral models of human and natural phenomena can significantly improve the understanding and forecasts of crisis scenarios. Simulations done using agent-based models (ABMs) can help analyze patterns of displacement, relief item flows, and spread of diseases etc. Agent-based modeling is an effective policy research tool for complex social systems which can simulate real phenomena arising through the interaction between individual agents whose behavior may be non-linear, heterogeneous and/or path-dependent, besides showing temporal correlations due to learning and adaptation. Such models can also incorporate information on the infrastructure of affected regions, for example, location of schools, hospitals, camps, markets, road and river networks, elevation and topographical data, all of which play a significant role in how a natural disaster scenario unfolds. By predicting flows of populations beforehand, relief activities can be implemented quickly and effectively to high population clusters. Such a model can also be extended by developing and testing proposed policy options such as various configurations of resettlement and rehabilitation schemes.

This article will introduce the use of agent-based models as a tool for the analysis of natural disasters. A simple model of a regional economy will be presented and the results of a shock will be shown. Extensions to this model and potential applications will be discussed for the current flood situation.

## Agent-based Modeling and Disaster Analysis

ABMs are a form of bottom-up computational social science where a social phenomenon is abstracted based on how the reality is perceived (Gilbert, 2008; Axtell & Esptein, 1996; Bonabeau, 2002). They constitute two main components: agents or social actors (individuals

or collective entities, for example, firms or households), assumed to be autonomous and heterogeneous who are endowed with behavioral rules that allow them to interact with each other and the environment; and the environment which represents the virtual space on which the agents interact. This space can range from having little or no significance to being critical to the behavior of agents. For example, geography, land quality, and road type are some of the environment variables which might be important for disaster analysis. The value of using ABMs in social sciences lies in their ability to explain social phenomenon from individual components. Their application can vary from theoretical exercises in modeling phenomena (Axtell, 2000), to modeling and validation of other models (Moss, 2008), to simply understanding actual phenomena in accurate spatial representation of the environment where predictions can be made. In our case, the focus is on the first and the last aspect, where the aim is to examine patterns of certain outcomes in the event of a natural disaster which can then be extrapolated for policy analysis.

ABMs are a convenient tool for conducting experiments with different parameter settings, where interactions can be tested in simulation runs and considered for further analysis or empirical validation. This ability to conduct experiments is a significant advantage of using ABMs in analyzing disaster scenarios. With experimentation difficult (and also immoral in case of natural disasters) to conduct in real life situations, such simulations can help make accurate forecasts regarding loss of life, starvation and spread of disease, allowing precautionary measures to be taken. Furthermore, it has become possible to fit actual population-level baseline data on an accurate geographic setup which allows us to replicate, test and extrapolate crisis scenarios.[2] Moreover ABMs are currently the only tool that allows us to explore and understand emergent phenomena where the output is more than the sum of its parts, which can result in better insights in understanding natural disasters (Gilbert, 2008; Bonabeau, 2002).

ABMs also excel at modeling flows, especially in scenarios where the direction of causality is hard to determine. In this case different components of the economy directly or indirectly affect each other such that the process ends up in feedback loops, which either settle down to a stable path or spiral out of control (similar to stochastic cobweb models). Such feedback loops are critical for understanding natural disasters so as to detect critical thresholds beyond which a system can become unstable. For example, due to excessive shortage of food supplies the system might collapse in the long-run unless external intervention stabilizes it. Such recursive loops or feedback mechanisms are easy to incorporate and study in ABMs and give a more realistic understanding of situations which are out of equilibrium and exhibit non-linear patterns. Intuitively, there is a high probability that such patterns will occur during natural disasters, allowing for the identification of tipping points beyond which the whole system may collapse. Furthermore ABMs have two key advantages over economic modeling: first, it allows us to monitor how a system transitions from one equilibrium to another, especially if the processes are non-linear and second, it allows us to explore changes in distributions both spatially and temporally when no a priori restrictions are imposed on the variables. Moreover, in developing countries like Pakistan, where data collection is a slow and long-term process, savings in terms of time and money make ABMs even more attractive. The nature and scale of natural disasters, in certain cases, might make the exercise of conducting rapid comprehensive surveys even more intractable, hence pointing to the superiority of ABMs in providing useful policy benchmarks.

## A Hypothetical Model and Experiment

During the recent floods in Pakistan, a large fraction of the rural population has been directly affected. Such large-scale displacement of the population has strong economic repercussions for the country. For example,

recent floods are estimated to have caused over 20 percent loss in crops, a major source of food for both the affected regions and the rest of the country. Furthermore, population displacements have led to an increased demand for food in host areas. This has led to a considerable drain on resources, causing sizeable feedback effects on the whole economy. Moreover, the country could potentially face a second-round crisis in terms of food price hikes and loss of life due to water-borne diseases in the upcoming months.

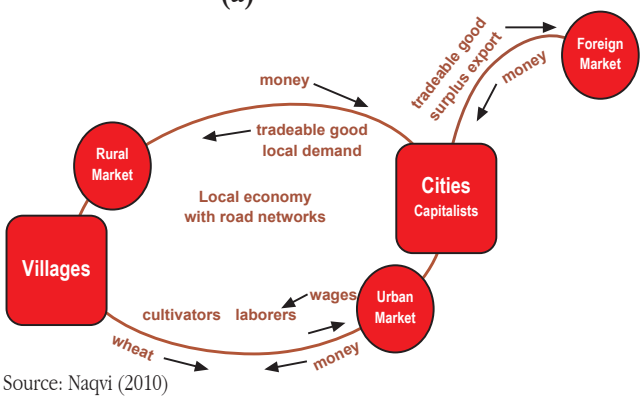
To illustrate this point further, a simple model is created from the aforementioned facts to present a hypothetical "shock" scenario. Although the model is purely a theoretical exercise in setting up an artificial economy, certain predictions like high rural-urban migration, with a concomitant rise in food prices and stagnant consumption levels show plausible results.

on a share-cropping basis or by business-owners as wage labor. This demand for labor within the region leads to the formation of a labor market where workers respond to real-income differentials and migrate to clear the market. Similarly, the demand for the two goods across the region also creates a circular flow of goods and money.

Figure 1(b) shows the environment of the artificial economy in NetLogo (Wilensky, 1999), an ABM modeling software, where yellow patches represent villages, grey patches cities, and white lines a basic road network. A benchmark configuration is used to determine patterns of economic variables such as income, demand and supply of goods, prices, consumption and long-run distribution of population across urban and rural areas. This also establishes the level of food stock both at the individual and market levels giving the initial level of food vulnerability in the system.

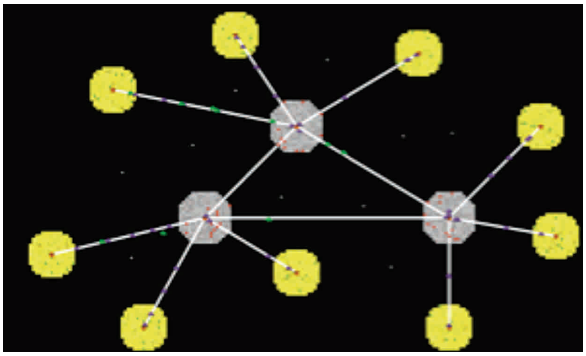
**Figure 1: An Artificial Economy**

**(a)**




Source: Naqvi (2010)

**(b)**



In this model, a simple regional economy of the type shown in Figure 1(a) is assumed. It comprises two sub-regions, namely villages and cities, and is populated by three agent categories: cultivators, laborers, and small business-owners. Cultivators are land-owners who grow wheat, consumed across the region. Business-owners represent a small mercantile class producing a tradable good that is demanded both within and outside the region. Hence excess production is exported, allowing business-owners to earn profits. Laborers represent a mobile working class that is hired by either cultivators

A simple experiment is conducted where the overall wheat productivity is reduced by half and then allowed to partially recover after a certain time. This approximates the impact of a flood shock that can result in partial crop loss with minimal deaths, where land becomes usable after some time. Hence the population remains relatively stable, with the outcome of this shock being played out purely in terms of changing population distribution and stock levels across the artificial economy. In order to identify the previously mentioned critical thresholds in the system, no external intervention is

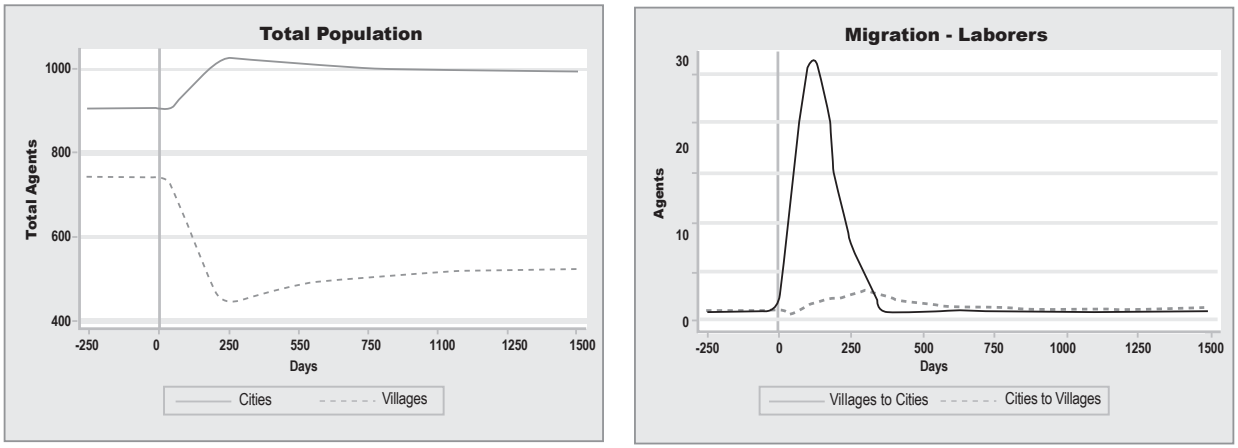
allowed. In order words, no in-built relief provision exists in the experiment nor do we assume any additional behavioral rules for disaster response. This makes the response of this closed system purely internal or "natural", where economic behavioral rules determine the outcome of the shock. We expect agents to prefer higher income and consumption to a lower one; hence any shock to a stable system will automatically lead to a shift in population distributions causing new trends across other economic variables as well. The result of a 50 percent wheat loss is given below.

Figure 2 shows the impact of the shock on population levels. The vertical line represents day 0 when the artificial economy receives the shock. All trends before this cut-off point are derived from the benchmark configurations. Figure 2(a) shows the change in absolute population level across villages and cities while Figure 2(b) shows the migration patterns. Since the shock reduces wheat production by half, Figure 2(a) shows a sudden drop in post-shock rural population due to rural-urban migration, which eventually slows down as the economy stabilizes. Over time as productivity recovers, a small reverse-migration also takes place. Figure 2(b) shows the migration pattern, where the initial phase of the disaster results in high displacement and then slight reversal as some village laborers move back to their original locations in response to productivity improvements.

To understand this shift in population distribution and its impact on other variables, we examine the urban wheat market. Cities tend to maintain a certain stock of wheat over and above current demand. This allows markets to maintain a certain turnover (30 to 40 days for wheat) which stays relatively stable, barring any market fluctuations. Calibrating the sensitivity of markets to fluctuations is an important aspect of natural disasters, where despite sufficient supply within a closed system, delays in response (due to high transportation costs or lack of infrastructure) make markets more vulnerable to shocks. In the current model, markets maintain an exogenously determined level of turnover, which on average equals 40 days. Figure 3 shows the impact of the shock on the urban wheat market. Figure 3(a) shows the net supply of wheat pre- and post-shock. After the shocks, markets are able to hold out until the loss in supply causes the system to fall into disarray, where any subsequent supply to the market quickly dwindles. This results in excess demand of wheat (indicated by the graph falling below zero), causing shortages in the market. To counter this, the market clearing price of wheat goes up to stabilize the flows. As shown in Figure 3(b), the mean trend of wheat price shows an increase, while the actual scatter plot of prices shows a high incidence of spiking due to intermittent price hikes in a volatile market.

**Figure 2: Population Flows and Migration Pattern**

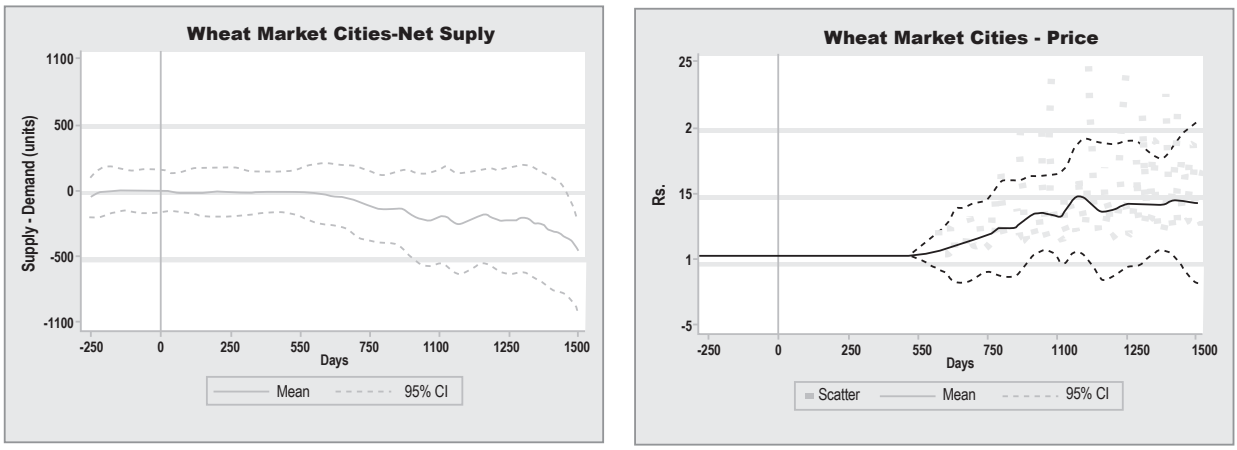
**(a)** **(b)**




Source : Naqvi(2010)

**Figure 3: Population Flows and Migration Pattern**

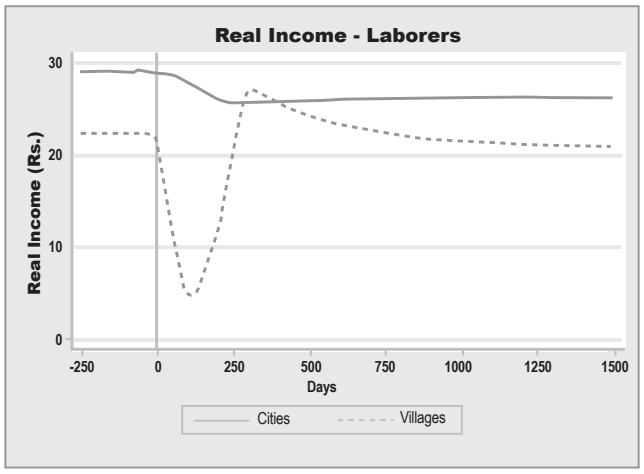
**(a) Output** **(b) Price**




Source: Naqvi (2010)

The above graphs illustrate the fluctuations in the urban wheat (food) market caused by feedback effects across two variables: loss in production on the supply-side and an influx of rural population on the demand-side. Figure 4 shows the impact of this shock on the real-income in the economy. A 30 % real-income difference is maintained across rural-urban income levels to capture the usual incentive for rural- urban migration. Since the shock causes a temporary reduction in output, village laborers get a smaller fraction of wheat through share-cropping, of which most is consumed, while a smaller amount is sold in the markets. This forces a sudden drop in rural income levels, resulting in a high level of migration of village workers to cities in search of employment. As this version of the model assumes no capacity constraints in the tradable goods' production in the cities, all migrating labor is absorbed by business-owners, forcing wages in the cities to go down. Income levels continue dropping till they revert to the baseline rural-urban income difference.

**Figure 4: Changes in Real Income**




Source: Naqvi (2010)

## Potential Extensions

Our artificial model depicted a scenario in which one type of shock was simulated using a benchmark configuration of an artificial economy. Of course, many other configurations and experiments can be done using this model. The purpose of presenting this model was to simply illustrate how the response of an economy to an external shock can be broken down into various components and how the impact of different variables on each other can be isolated. These patterns can be useful to preemptively determine trends in key variables in a natural disaster scenario, using baseline information to calibrate the model.

Moreover, to replicate an actual disaster scenario, the level of complexity in the model has to be increased for plausible results. This includes adding certain socio-economic conditions which can directly impact outcomes of natural disasters and are critical for future policy planning as well. For example, employment trends, migration patterns, price rules and income levels can vary significantly from region to region. In this regard, ABMs are usually the only platform available for handling several calibration configurations in the same model, making them dynamic enough to be easily extended to an actual scenario. Moreover, the increase in complexity can be varied according to the type of natural disaster being tested.

In the example above, the focus was on the impact of productivity shocks on food stocks and population distributions to highlight the food vulnerability in the system. While this experiment required relatively detailed behavioral rules and specific market structures to be defined, this baseline framework can now easily be extended in a modular way, such that different versions can deal with different aspects of natural disasters. These could include ABMs with specific focus on population displacement, food supplies, family networks, geographical impact, and epidemiological analysis. Using this approach, information can be used from existing empirical data (for example, income levels and prices), while considerable complexity can be layered in as per the scenario under consideration. High-end computational power that is now available can enable researchers to predict patterns of disasters using only baseline information. Obviously, the system can then be updated once more recent micro-level disaster data becomes available. For example, if a camp houses only 500 people while 1000 were predicted through the simulation, this information could be used to further refine the model and reduce the deviation from actual trends. This recurring prediction/calibration approach can help with better relief coordination, especially in the early phases of the disaster, to allow effective policy planning in the long-run.

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## Notes

[1]I would like to acknowledge Prof. Duncan Foley (New School for Social Research), Prof. Sanjay Reddy (New School for Social Research), Prof. Robert Axtell (George Mason University) and Prof. Lopamundra Banerjee (New School for Social Research) for giving direction to this project.

[2]For example Epstein (2009) uses 300 million agents to simulate the spread of the H1N1 virus in the United States and extends it to the world, with its population of over 6 billion.

# Research Notes

Several faculty members at the School of Humanities, Social Sciences and Law (SHSSL) at LUMS are actively involved in research in the fields of Economics, Political Science, Sociology/Anthropology and Law. The research notes collected below thematically organize their latest work and highlight its policy relevance.

## Macroeconomics, Trade and Economic Growth

**Syed Zahid Ali** has been working on exchange rate, taxes, and interest rate policies. Using non-stochastic models in continuous time, he checks the proposition that if the system is stable then currency devaluation cannot both contract employment and worsen the balance of payments of the country. Other models by Zahid Ali examine how the supply-side effects of the exchange rate and taxes interact to complicate the effects of currency devaluation, first using stochastic models in continuous time and later in discrete time. He has also worked (with Sajid Anwar) on testing the productivity bias hypothesis, using data from the latest version of Penn World tables for the three South Asian economies of India, Pakistan and Sri Lanka. Currently, his work involves models that incorporate forward-looking variables, backed by micro foundations in an attempt to analyze issues such as the correct exchange rate and interest rate policies for less developed countries.

**Antonio Marasco** has conducted a study (co-authored with Ehsan Choudhri and Farhan Hameed) which uses a dynamic general equilibrium model to explore the macroeconomic and welfare effects of a large increase in FDI, such as that experienced recently by a number of emerging economies. A second project focuses on the effects of FDI on host country's welfare in terms of gains from trade when firms are characterized by heterogeneity in their productivities. He showed that firms tend to order themselves in terms of increasing productivity, such that least productive firms engage in domestic markets, medium productive firms export and most productive firms engage in FDI. Antonio has also empirically tested the link between FDI and growth. In one article, he has done so in the presence of economic integration, while in another he studies the role played by technology. Additionally, he has also been interested in researching the relationship between income inequality and growth via technological progress.

**Anjum Nasim's** research interests include macroeconomic policy, international trade and public finance. His recent research, co-authored with Sajal Lahiri at Southern Illinois University, specifically examines the potential for the reform of sales tax and tariffs in Pakistan. The research looks at whether tariff revenue should be substituted by consumption tax revenue and also at whether tariffs on intermediate and final goods should be altered. Analyzing welfare effects, the research concludes that replacing tariffs on intermediate goods with increased consumption tax would be welfare reducing. Also, optimal tax and tariff calculations indicate that effective rates of protection in Pakistan can be lowered by decreasing tariffs on final goods and raising them on intermediate goods. Another recent paper by Anjum Nasim and Sajal Lahiri develops a trade-theoretic model to calculate the optimal level of rebate provided by the Government of Pakistan; it concludes that as the Government becomes less revenue constrained, national welfare would be boosted by increasing the rebates given to the exporting sector.

**Turab Hussain's** research interests range from migration theory and policy to poverty and rural development to trade and development. His research on migration employs the extended family framework instead of the standard Harris-Todaro model, whereby the family, rather than the individual, is treated as the relevant decision making unit for migration. The policy implications of his research indicate that developmental policy may lead to counter-productive results-urban employment subsidies may increase the pull factors of migration,

hence leading to greater unemployment in the long run. Similarly, rural subsidies or lump-sum transfers to rural households may, counter-intuitively, make migration more attractive by reducing its costs. In another paper, Turab explores how the rate of migration may not be positively related to the degree of networks present at the destination. Using an extended family framework, it is shown that a greater number of previous migrants may crowd out opportunities for new ones, hence reducing migration incentives.

**Ijaz Nabi's** latest research focuses on economic growth, income distribution and poverty reduction. Between 1990 and 2007, South Asia, led by India, saw rapid economic growth and impressive poverty reduction. His on-going research assesses the quality of that growth in view of the fact that it is driven in all countries, with varying degree, by remittances and rapid increase in consumption. The impact on the economic structure of South Asia is being examined in order to assess whether there is a shift of labor towards high-productivity, high-wage employment that would sustain growth and improved living standards over a longer period of time. The principal findings indicate that growth in South Asia is driven by the services sector, which in most countries comprises largely non-tradeables and has relatively low labor productivity. Ijaz Nabi's research further points out that the ongoing global financial crisis and sharp reductions in the price of oil have impacted the economies (the US and the oil rich Middle-East) where remittances to South Asia originate; this could have far reaching consequences for South Asia and constitutes a major vulnerability that needs to be better understood and managed. Ijaz is currently advising the government- he is a member of the Prime Minister's Economic Advisory Council as well as the Planning Commission's Panel of Economists.

**Game Theory and Behavioral Finance**

**Hammad Siddiqi's** research is in the area of behavioral economics and finance. He has shown that a behavioral bias called the "lure of choice" aggregates to the market level, hence directly affecting prices and allocations. This bias can potentially explain a few puzzles in financial markets including the closed-end mutual fund paradox. His recent research involves the derivation of a new options pricing formula based on the assumption that investors are coarse thinkers. Coarse thinking is the idea that people tend to put situations into categories and then use the same model of inference while evaluating co-categorized situations. The new formula termed the behavioral Black-Scholes formula provides an explanation for the implied volatility skew puzzle in equity index options. His past research revealed that coarse thinking can explain the collusive outcome in a Bertrand competition with increasing marginal costs. Furthermore, he has shown that the two main aspects of coarse thinking, transference and framing, are present in an experimental options market. On the policy side, Hammad's work involves the issue of Hawala, whereby he explores how interactions between formal banking and informal Hawala greatly diminish the ability of the State Bank to effectively run a monetary policy. Also, he has looked at how badla financing creates microstructure rents, concentrating de facto power in the hands of a few powerful brokers and hence stalling the process of reforms in the stock exchanges of Pakistan. According to his suggestion, all institutions in the stock exchanges of Pakistan (governing as well as financing) must be changed simultaneously through the establishment of a new stock exchange called the National Stock Exchange of Pakistan.

**Ali Cheema's** research work can be broadly classified into two themes: (a) descriptive work on poverty, social and income mobility and village and district-level development outcomes; and (b) governance, institutions and political economy. His paper, "Geography of Poverty: Evidence from the Punjab", co-authored with Manasa Patnam and Lyyla Khalid is the first paper to provide

robust statistical estimates of poverty and development indicators across Punjab's thirty-five districts. Another paper makes use of a unique panel data-set on development outcomes at the district level and measures the degree of convergence in development outcomes across villages between 1961 and 1998 and further attempts to explain the considerable divergence found. He has used this work to inform the design of poverty alleviation and social protection strategies that he has worked on as part of the Planning Commission's Panel of Economists and as part of the Chief Minister Punjab's Economic Advisory Council. His work on institutions and political economy analyzes the manner in which state institutions and local village-institutions impact development outcomes. Another paper (with Shandana Mohmand and Asjad Naqvi) analyzes the extent to which decentralization at the union-level results in elite capture of public service delivery. Finally, his paper (with Bilal Siddiqi) on path dependence and public good provision estimates the extent to which development outcomes at the village level are affected by initial socio-economic inequality within the social structure of villages.

**Miguel Loureiro** is one of the founding members of Research and Information Systems for Earthquakes in Pakistan (RISEPAK). Presently, Miguel is a doctoral candidate at the University of Sussex, looking at the impact of the 2005 earthquake on social institutions and value systems in Pakistan-administered Kashmir. In his latest papers, he assesses the resilience of informal social protection mechanisms in Pakistan, and problematises the concept of "community" in rural Pakistan. He has also started revisiting notions of social stratification within South Asian Muslims.

**Muhammad Farooq Naseer** has worked on various aspects of economic development ranging from the economics of education and health to public good provision and political selection. One component of his work attempts to evaluate the impact of policy on outcomes of interest. For instance, he examined the impact on learning outcomes of a recent schooling reform, which established that child-friendly teaching methods tend to improve student learning in languages as well as mathematics. In addition, he has worked in the area of judicial reform by providing statistical analysis of a representative case load from selected courts to enumerate the causes of delay in the justice system. As an important off-shoot of this work, he has partnered with colleagues in the Computer Science department on a project to study the benefits of automated analysis of judicial performance data from the daily caseload information at the courts. In his other research, conducted in collaboration with Ali Cheema, Farooq has explored the causes and institutional constraints underlying the continuing deprivation of historically landless households. Based on a random sample of households from Sargodha district, they establish that households belonging to different strata of the rural society have not only had a very different profile of educational attainment over the last three generations, but that initial differences have widened over time. The above analysis is part of a report, "Poverty, Mobility and Institutions in Rural Sargodha: Evidence for Social Protection Reform", to be published by the Government of Punjab's Planning and Development Department.

**Taimur Rehman's** research interests relate to political economy and Marxism. His ongoing research looks at the class structure and mode of production in Pakistan.

**Efficiency, Agriculture and the Rural Economy**

**Abid Burki** and **Mushtaq Khan** have together conducted research on milk supply chain networks and the efficiency of smallholder dairy producers in Pakistan. Their paper examines the effect of depression on the technical efficiency of dairy farms by using data from 800 smallholder commercial dairy producers of rural Punjab. It studies the impact of the rural milk supply chain on smallholder efficiency by employing stochastic production frontier and technical inefficiency effects

model. The paper also calculates the annual loss to Pakistan's dairy sector due to the depression.

**Abid Burki** has also carried out research regarding Pakistan's banking sector. His recent paper, coauthored with Shabbir Ahmad of the International Islamic University, examines the impact of bank governance changes on bank performance by taking unbalanced panel data of Pakistan from 1991 to 2005. The findings of this paper suggest that, in general, financial reforms improved banking sector performance. The winners from governance change were either the privatized banks or the private banks selected for merger & acquisition whose post-governance change efficiency levels have enabled them to exploit new profit-making opportunities. Furthermore, in a study commissioned by South Asia Network of Economic Research Institutes (SANEI), Abid Burki has explored the links between polarization and poverty. Based on empirical evidence from Pakistan, studies the impact of public infrastructure provision on the incidence of poverty in a district. His recent research also investigates the relationship between adult wage and child labour, and the impact of school and teaching quality on child labour.

**Mushtaq Khan** has conducted research which examines the effect of changes in prices of food grains on the incidence of rural poverty. Another study inspects the impact of household-level health shocks on poverty. In addition to his usual research and teaching activities, Mushtaq Khan is also a member of the Institutions for Development working group on the Planning Commission's Panel of Economists.

**Political Science**

**Mohammad Waseem** is part of a team for a joint research project on religion and development, sponsored by DFID. As the country coordinator of this project, four research reports have been produced under him, two of which he authored himself: "Religion, Governance and Politics in Pakistan", and "Dilemmas of Pride and Pain: Sectarian Conflict and Conflict Transformation in Pakistan". He is also working on his new book *Political Conflict in Pakistan*, which seeks to explore the genesis and pattern of development of conflict in the state and society of Pakistan and its multiple forms, including ethnic, religious, federalist and linguistic conflicts. In a recent paper on affirmative action policies and social justice in Pakistan, he concludes that these policies are potentially non-disruptive of the power structure and non-revolutionary in their content as well as direction, and affirmative action is here to stay as a progressive input in a social and political framework that remains wedded to status quo in all other fields of public policy. His latest research includes a comparative analysis of the role of the ombudsman in Asian countries.

**Ejaz Akram's** area of research offers an interdisciplinary overlap in the fields of Politics, Religion and Philosophy. Most of his current research looks at the interface of religion and politics in three arenas: interfaith and civilizational dialogue to include Islam-West, Muslim-Christian, and Hindu-Muslim relations; transnationalism (regionalism) and globalization; environmentalism, the study of human ecology and philosophies of nature. The first cluster involves research which origins lie in histories of different civilizations and their theological systems that has led to certain type of philosophical and political thinking. This cluster further leads to two areas of focus: the politics of Abrahamic religions worldwide, and South Asia, the home of two great religious, traditions namely Islam and Hinduism. Ideals of all these civilizations lend plenty of opportunity to shape the realities that can lead to mutual acceptance, co-existence or at least tolerance. The second arena of Ejaz Akram's research deals with politics of the Muslim world by judging the character of regionalist aspirations and its attendant institutions and how globalization provides opportunity to achieve closer cooperation but also discourages and disrupts such cooperation. Most importantly, the last arena of Ejaz Akram's research looks at developmental

modernism and its relationship with secularism that has a causal nexus with global environmental insecurity. All three clusters of research are employed to pull together the normative and the empirical in a move towards a "green" theory of political peace, mutual co-existence, and sustainability.

**Rasul Bakhsh Rais's** current research focuses on the relationship between the tribe and the state in Pakistan's Western borderland. According to his research, there is a dialectical relationship between the tribe and the state. Both represent authority structures, institutions, leadership and rules to govern local populations. While the modern notion of national sovereignty and territorial control would require assimilation of the tribe into the larger national community, the tribe and its chieftain would strive to maintain their autonomy, traditions, and political arrangements. The ethos and structural needs of the two to survive, and for the state to expand, come into clash. The research therefore raises the issue of how to go about assimilation or integration of tribal regions without provoking conflict. One of the central questions of Rasul Bakhsh's research is whether the Pakistani state pursued a well-designed, elaborate and consistent policy of effecting social change through modernization process in the western borderlands, or has it relied on the colonial framework of "separation" and indirect control? The focus is how the three international systems-British colonial, Cold War, and American hegemonic have defined and redefined the dynamics and interactive process between the tribes and Pakistani state.

**Magid Shihade's** research interests are modernity and violence along with knowledge production as a form of resistance. His early research focused on communal violence among Arabs in Israel, and how state origins, history, and policies have shaped the identities of its Arab citizens. The research is linked to a larger question of state-society relations and group conflicts in the context of modernity. Shihade's research draws on knowledge production, especially the work of Ibn Khaldoun, which aims at challenging so many binaries that have impacted our universities, societies and cultures both in the West and the rest. The work on Ibn Khaldoun is also an attempt to democratize knowledge and its production by challenging the monopoly on knowledge of any culture or geographic region. Shihade's current research is concerned with violence within and between states as well as global conflicts. It is an attempt to study the ways in which states, modernity, and the modern global system have shaped these processes. It is also an attempt to address injustices, inequality, and the forms of domination and exclusion that are at work all over the world and to understand their effects. In part, this project aims at studying the structures of power and hegemonic forces that lead to undemocratic societies and states.

**Sociology and Anthropology**

**Sadaf Ahmad's** previous research has focused on gender- based violence and has involved an investigation of people's belief in rape myths, its sources and social consequences, an exploration of sexual harassment in Pakistan, and an assessment of the feasibility of projects instituted by development organizations to work on the issue of gender-based violence. Gender and religion has been another area of Sadaf Ahmad's research. Her last research project "Transforming Faith: The Story of Al-Huda and Islamic Revivalism Among Urban Pakistani Women" was an attempt to understand how its techniques of expansion and pedagogies of persuasion have allowed Al-Huda, an Islamic school for women established in Islamabad in the early 1990s, to turn into a social movement. This work illustrates the manner in which Al-Huda aims to create subjects with a unitary consciousness by propagating a particular kind of hegemonic religious discourse among them and highlights the multiple reasons urban Pakistani women have for engaging with and internalizing such a discourse. Sadaf Ahmad's current work involves exploring multiple

frameworks of gender justice in Pakistan. She is also planning on conducting research on religious minorities in Pakistan, more specifically the Buddhist community, in the future.

**Ali Nobil's** areas of research comprise migration, transnationalism, human smuggling, gender and working-class subjectivities, oral history and psychoanalysis, social theory, theory and practice of journalism, and media and cinema. His monograph "Gender, sexuality and illegal migration: a comparative study of human smuggling from Pakistan to Europe" focuses on the driving factors of human smuggling and its costs and consequences. Furthermore, he has looked at the history of Urdu, Punjabi and Pashto cinemas in Pakistan and the way in which these cinema cultures reflect or counter dominant narratives of social conservatism. His research also examines the state's role in neglecting and oppressing artistic and cultural discourse.

**Ali Khan's** research has revolved around child and forced labour in South Asia. His book with Oxford University Press *(Representing Children)* examines the representations of working children in the media and in the development discourse and how this has influenced the structure of various international projects to eradicate child labour. The book also adopts an ethnographic approach to the question of why children work and thereby reveals the importance of micro-level factors in the decision making process of families and children. Ali Khan has also undertaken considerable research on the issue of forced labour in sectors of Pakistan's economy including brick-making, carpet weaving and mining. The thrust of his work lies in trying to reveal the complexity and multi-faceted nature of bonded labour relations. His other ongoing project is as series editor for a six book project for Oxford University Press on anthropology and sociology in Pakistan covering the areas of migration, religion, education, bonded labour, gender and urban issues. The book on *Migration* was released last year. The edited volumes on *Gender* and *Education* have been released this year and the one on *Religion* in summer 2010. Ali Khan's latest project (with Ali Nobil Ahmad) involves research on cinema and society in Pakistan. The research, for which interviews and fieldwork are underway, is a social history of the film industry itself.

**Livia Holden's** research examines the process of social ordering through structured communication, and especially the legal discourse within extra-systemic networks. Her research focuses on state, non-state, and mixed sources of law and their implications with human rights and governance. She carries out extensive and longitudinal fieldwork in South Asia, in Southern Italy and in California with a specific stress on collaborative approaches. At present she is extending her fieldwork to Pakistan regarding forum shopping strategies and legal discourse related with property rights, diaspora and socio-legal expertise, and lawyering practices. Moreover, Livia has investigated matrimonial remedies among Hindus in South Asia and in the context of South Asian migration in the USA and the UK. Her publication included family law, criminal law, lawyers praxis, traditional jurisdiction and custom and focused on the reception of Anglo-Saxon law by the Indian legal system, on the dynamics between state and non-state law regarding dispute settlement in rural Central India, and on the effects of social engineering policies and political agendas on the practices of Hindu matrimonial remedies. She has also co-authored a variety of collaborative projects striving for accountability vis-à-vis informants. Livia is currently investigating socio-legal expertise in transnational case law within the context of South Asian diaspora, and the fee regimes within lawyering practices. She is also envisioning collaborative research on property rights among Muslim communities in India and Pakistan.

**Anjum Alvi's** main area of anthropological research is South Asia, with particular emphasis on the Muslim Punjab. Her publications deal with kinship, exploring it from different angles, like the structure and ritual of

marriage, the concept of the gift, and rites of passage. This work leads her to the discussion of the concept of the person and self in Muslim Punjab as well as to the comparison of Punjabi patterns of kinship with those of other areas of South Asia. Her ongoing research is multidisciplinary, taking regard of theology as well as philosophy. A central concern is the argument for a place of ethics in anthropology. Discussing the theoretical perspective of ethics in anthropology, she deals with the concept of freedom and morality, particularly with reference to the work of Pope John Paul II and other philosophical perspectives of the 20th century. This multidisciplinary approach also informs her research on the concept of brother-sister relationship in the Muslim Punjab within the context of South Asia. Her other work discusses the concept of Muslim veiling in the Punjab as a value in relation to the global debates on this topic. An article on the concept of the veil is currently under consideration. Finally, she works on transformations of the meanings of exchange relations within South Asia, and she explores the ethical nature of the gift as well as philosophical implications associated with it.

**Law and Policy**

**Asad Farooq** is carrying out research that is premised on the contextual approaches to law and law-doing. Much of this work has been tied to ongoing engagements with social movements. During his thesis work, he was engaged with peasant communities struggling for land rights in Malawi, whilst researching on the implications of dominant discourses of governance for the social majorities, and examining languages and forms of resistance to these. It represents a study in both legal imperialism and the decolonizing of law. Similarly he has worked on developing a jurisprudence of people's law whilst engaging with communities of resistance on land and water rights struggles in Pakistan. The latter has also involved (dis-)engagements with inspection processes both at the World Bank and the Asian Development Bank. More recently his work is developing into the examination of "the indigenous" as a "new" political subjectivity.

**Ali Qazilbash's** research interests have ranged from international law and human rights to the Pakistani constitution, particularly the Eighteenth Amendment. His ongoing research investigates the history of bonded labor in Pakistan. His recent paper on “Law and Religion in the History of Pakistan”, presented at the LUMS conference, sought to explore the reasons for Pakistan's ratification of the international covenant on civil and political rights. He was also invited by Research Society of International Law (RSIL) to speak on the use of force in international law.

**Sikander Shah's** area of research relates to public international law and is focused on state sovereignty and territoriality, use of force, self-determination, global terrorism, human rights, WTO laws and corporate governance. His most recent work is forthcoming in the American Journal of International Law and the Vermont Law Review. He is currently working on public international law issues most relevant to Pakistan as a Research Scholar at the University of Michigan Law School. In particular, his work focuses on the legality of the US drone attacks on Pakistan under the international law of armed conflict and on determining the impact of the international law of sovereignty and statehood on classical Islam as well as on Islamic revivalist movements.

**Osama Siddique** has been closely involved in research as well as policy work. He is currently completing his doctorate at Harvard Law School. His most recent research includes two forthcoming law journal articles entitled “Approaches to Legal and Judicial Reform in Pakistan: Post Colonial Inertia and Paucity of Imagination in Times of Turmoil and Change,” and “The Hegemony of Heritage: The Narratives of Colonial Displacement and the Absence of the Past in Pakistani Reform Narratives of the Present.” These extensive articles conduct a historical and sociological critique of the justice sector

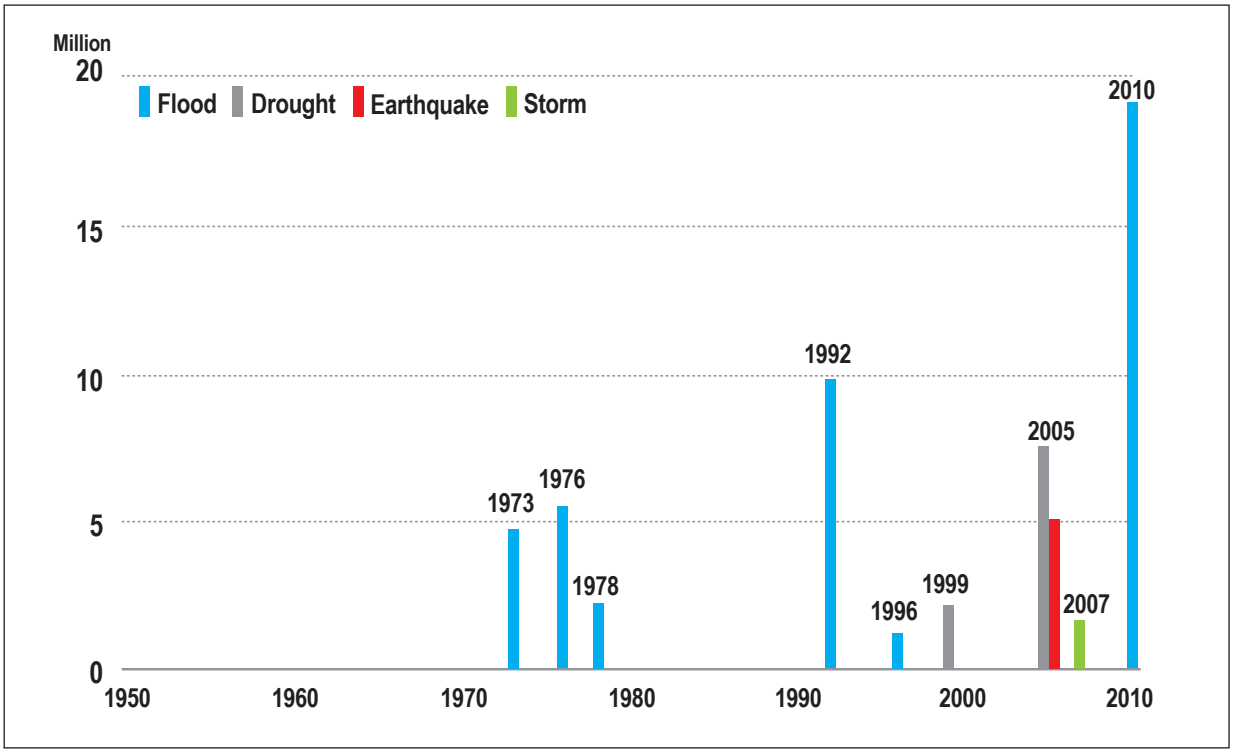
reform discourse in Pakistan and its continuing challenges. As a policy advisor, Osama has most recently conducted the first ever "Crime Perception Survey of the Punjab" for the Government of Punjab and the Asian Development Bank (ADB). He has also led a joint UN/ADB team that advised the Government of Pakistan on the shape and structure of future laws in FATA, PATA and Khyber-Pakhtunkhwa in the wake of the on-going conflict. He has also recently co-written for the Asia Foundation a *Mapping and Assessment Report* on various government and international donor driven law reform projects in Pakistan from 1998 to date. He is at present engaged in a countrywide District Courts' Efficiency and Capacity Assessment exercise for USAID. His other recent research includes a book on the presidential power to dissolve assemblies under the Pakistani Constitution and its discontents. He has also published law journal articles exploring the use of Blasphemy Laws in Pakistan, discussing state liability and remedies for victims of defective construction in Pakistan, as well as analyzing the crisis of legal education in Pakistan. In addition, he has written various book chapters on the plight of juvenile prisoners along with some on legal issues surrounding corporate governance and small and medium enterprises (SMEs). Osama is involved in justice sector policy consultancy work since 2004 as the Law and Justice Reform Specialist for ADB. He has primarily worked on legal education reform. Additional law and policy reform projects that he has been involved with include work on, inter alia, delay reduction in courts, legal bar reform initiatives, drafting of new laws and legal amendments in the areas of consumer protection laws, ombudsman laws, civil and criminal procedure codes, and institutional capacity-building projects for the provision of free legal aid and judicial training institutes.

# Revealing Facts: Floods in Pakistan

## I. Impact Assessment

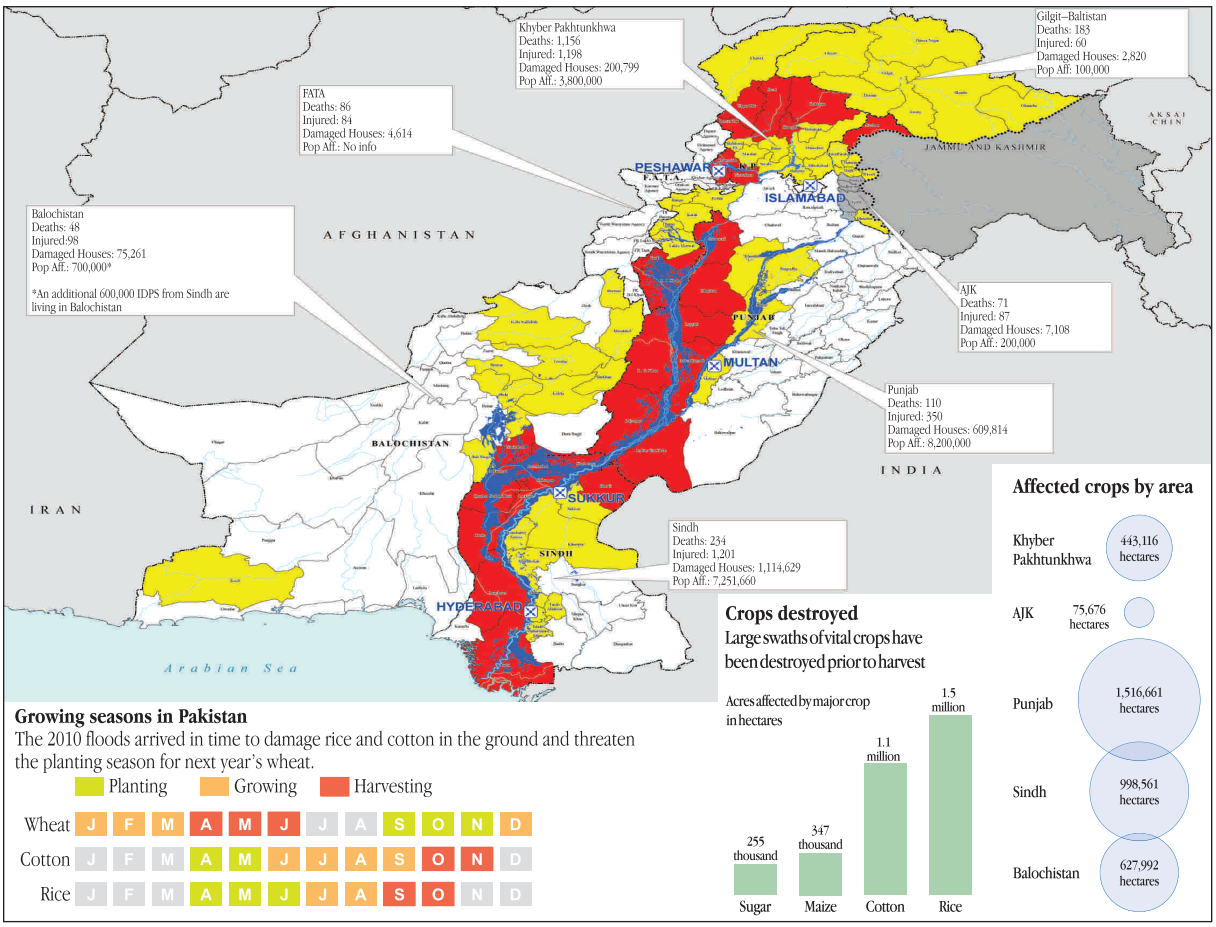
While natural disasters are exogenous shocks to an economy and cannot be predicted or controlled, it is the response capability of a country that determines their eventual impact. And though impacts may vary depending on the measure used, the most telling impact statistic is in terms of the affected population. With more than 20.2 million people affected in an area exceeding 160,000 km$^2$ and facing crop destruction of more than 2.5 million hectares, it is safe to say that this is a disaster of unprecedented scale.

**Figure 1: Population Affected by Natural Disaster Events in Pakistan**




Source: Office for the Coordination of Humanitarian Affairs (2010). *Pakistan Floods: Historical Natural Disaster Events.* Available at < http://www.reliefweb.int/rw/rwb.nsf/db900SID/JOPA-887FUU?OpenDocument>

## Figure 2: Flood Extent and Losses



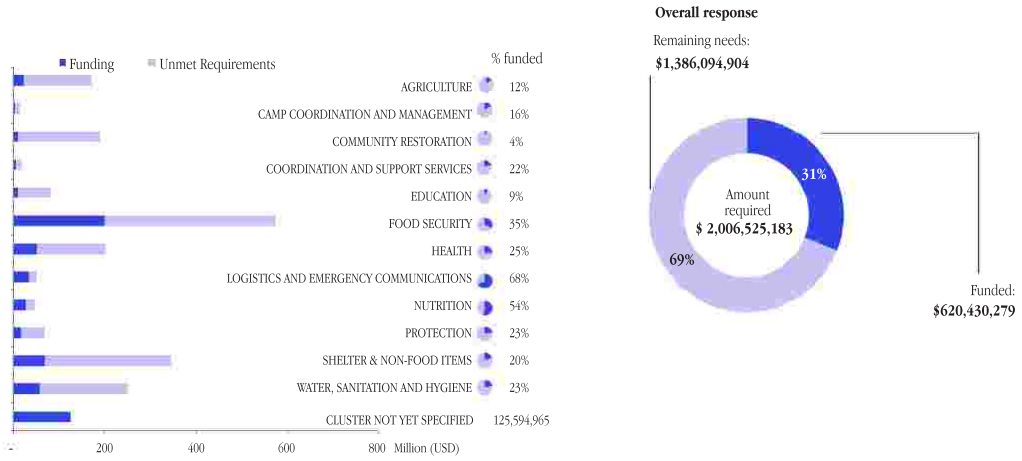

N.B. Estimated extent of damage to the crops as of 30th August 2010 and the flood extent and losses as of 16th September 2010. The above map shows district boundaries; red indicates severely affected districts, yellow indicates moderately affected districts and blue maps the actual extent of flood waters as seen in satellite images of the country.

Sources: Office for the Coordination of Humanitarian Affairs (2010).
*Pakistan Floods Overview.*
Available at <http://www.pakresponse.info/LinkClick.aspx?fileticket=AXMNEU44Tsw%3d&tabid=96&mid=703>
and *Pakistan Floods: Agricultural Implications.*
Available at <http://www.reliefweb.int/rw/rwb.nsf/db900sid/LYLN-88TSX6?OpenDocument&rc=3&emid=FL-2010-000141-PAK>

## II. Aid and Assistance

Floods have wrought havoc on public infrastructure including road networks, schools and hospitals, with equally and perhaps even more disastrous consequences for private property in the affected areas. To replace infrastructure and rebuild the estimated two million homes that have been destroyed, the revised Pakistan Floods Emergency Response Plan (FERP) envisages one-year costs of USD 2 billion of which, according to the most recent figures, 31 percent has been raised and a further 3.6 percent (i.e. USD 71 million) has been pledged.

**Figure 1: Funding to Meet the Floods Emergency Response Plan**




N.B. Data updated as of 29th September 2010.

Source: United Nations Office for the Coordination of Humanitarian Affairs (2010). *Pakistan Monsoon Floods-Situation Report 26*. Available at <http://www.pakresponse.info/LinkClick.aspx?fileticket=safTnrXdAsY%3d&tabid=96&mid=703>

It may be interesting to compare the pledged donor assistance to Pakistan's flood relief with another recent natural disaster. Relative to the 2010 Earthquake in Haiti, the response from the international community has been decidedly cool, although it may be a bit early to speculate on the full extent of "donor fatigue."

**Table 1: A Comparison of Pledges Received for the Pakistan Floods and Haiti Earthquake**

| Country/ Institution | Pakistan Floods (2010)[1] | Haiti Earthquake (2010)[2] |
|---|---|---|
| The United States of America (USA) | 269.5 | 1,151.8 |
| The World Bank | 1.3 | 399.0 |
| France | 2.6 | 255.7 |
| Germany | 31.2 | 48.6 |
| Italy | 8.2 | 49.9 |
| Japan | 14.7 | 100.0 |
| Russia | 1.0 | 8.0 |
| Canada | 33.0 | 386.9 |
| China | 20.0 | 1.5 |
| Australia | 75.0 | 10.1 |

N.B. Figures for pledges made to Pakistan as of 21st September 2010. All figures are in USD million.

[1] Source: Ministry of Economic Affairs and Statistics, Government of Pakistan (2010). Available at <http://www.ead.gov.pk/>

[2] Source: Interim Haiti Recovery Commission (2010). Available at <http://www.cirh.ht/index.jsp?sid=1&id=10&pid=10>

On the domestic front, the three largest fundraising campaigns have so far raised the following amounts (in Pak rupees): PM's Relief Fund 5.24 billion, *Pukaar* Campaign 2.05 billion and CM Punjab's Fund 1.08 billion. This excludes donations made in-kind and those (many) civil society initiatives for which there is no publicly available data. Also note that the PM's Fund may include aid received from foreign sources.

# Guidelines for Authors

All submissions will be handled electronically and should be sent to *sspb@lums.edu.pk*. Submitted articles, not exceeding 3500 words in length, should preferably be in the form of plain text or as a word editor document. The Editorial board will review all submissions to determine their suitability for publication. Articles should not be simultaneously submitted for publication to another journal or newspaper. If a different version of the article has previously been published, please provide a copy of that version along with the submitted article. All correspondence, including notification of the editorial decision and requests for revision will take place by email. In case the author(s) do not respond in a timely manner, the Editors reserve the right to make final revisions before publication.

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